

# **PROPOSED REGULATIONS**

## **840 CMR: PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION**

### **840 CMR 2.00: RETIREMENT BOARD TRAVEL**

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#### **2.01 General Provisions**

840 CMR 2.00 is the standard rule for travel and travel related expenditures by Retirement Board Members and Retirement Board staff members. The Public Employee Retirement Administration Commission recognizes that Retirement Board Members and the Retirement Board staff must perform their fiduciary duties in an efficient, effective and informed manner. All travel related expenses that are to be paid for by the Board shall be related to the purpose of the authorized travel and shall be cost-effective.

The Commission recognizes the importance of continuing education; the need for informed decision making by Retirement Board Members; and the need for a broader public pension perspective, gained through association with other Retirement Boards and administrators, both within the Commonwealth of Massachusetts and throughout the nation.

Except as otherwise provided by the Commission or by supplementary rules of a particular Retirement Board approved by the Commission pursuant to 840 CMR 14.02 all travel by Retirement Board Members and Board staff shall comply with 840 CMR 2.00.

Any Retirement Board supplementary regulation approved by the Commission prior to the effective date of 840 CMR 2.00 shall be deemed to be consistent with 840 CMR 2.00. Retirement Boards may adopt supplementary regulations to supplement and expand upon the regulations contained in 840 CMR 2.00. Any such Board regulations are to be submitted to the Commission for review and approval as required by the provisions of G.L. c. 7, § 50 and c. 32, § 21(4).

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### **2.02: Meaning of Terms**

Terms common to these guidelines and G.L. c. 268A shall have the meaning ascribed to them by G.L. c. 268A and rulings issued pursuant to that law. The regulations contained in 840 CMR 2.00 are in addition to, and, in some respects, more stringent than the provisions of G.L. c. 268A. Unless otherwise defined by the provisions of G.L. c. 32 or regulations promulgated by the Commission or by G.L. c. 268A and rulings issued pursuant to that law, the usual and customary definitions for terms used in these regulations shall apply.

### **2.03 Board Authorization of Travel and Travel Related Expenditures**

The Retirement Board shall pay for or make reimbursement to Board Members and the staff of the Retirement Board for all travel and lodging expenses except as specifically authorized pursuant to 840 CMR 2.13 for expenses related to legitimate speaking engagements.

1. Travel and related expenses are to be approved by the Board in advance of the travel.
2. Requests for travel by Board Members and the Retirement Board Executive Director/Administrator shall be placed on a Board meeting agenda, discussed in open session and approved by a majority vote of the Members of the Board present and voting. The meeting minutes shall reflect the Board's action and the extent of the authorization.
3. The nature of the travel, its purpose and estimated cost shall be outlined on a travel authorization form. The form must include a statement by the traveler, certifying that the expenses were incidental to the approved travel. Brochures for seminars or other presentations should accompany the request for travel where available.
4. A statement describing the presentation, conference or seminar should be entered into the minutes of the meeting following the travel.
5. A Board may authorize the Executive Director/Board Administrator to approve travel for other members of the Board's staff. The Board should establish policies and procedures for staff travel. Such policies and procedures shall be consistent with 840 CMR 2.00.

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### **2.04 Required Documentation for Reimbursement**

1. The Board shall develop a form to be used in connection with any requests for reimbursement, requiring that the traveler certify that the expenses were incurred and were necessary and incidental to the approved travel.
2. All requests for reimbursement shall be completed and properly approved after incurring any travel, transportation or meal or other travel related expenses and before reimbursement takes place. The Retirement Boards shall require that requests for reimbursement be submitted within a reasonable time after the expenses are incurred, but in no event longer than 60 days after the expenses were incurred.
3. Original itemized receipts must be submitted for all expenses including transportation, lodging, and other expenses incidental to travel.
4. Travel-related expenses that are under \$10 (such as gratuities) should be fully described and reimbursed based on the traveler's certification that the expenses were necessary and incidental to the approved travel.
5. Any travel related expenditures which have not been properly documented or approved or are not in conformity with these regulations must be rejected or adjusted.
6. Reimbursement shall only be made to the person who actually made payment for the expense.
7. The reimbursement request form must be signed by the person seeking reimbursement and signed under the pains and penalties of perjury.

### **2.05 Travel Arrangements**

1. The Board may designate a Board staff member to be responsible for making all travel arrangements and for assisting Board Members and Board staff in completing authorization and reimbursement forms. If a Board Member or Board staff member elects to make his or her own travel arrangements, the provisions of 840 CMR 2.00 shall apply.
2. When making travel arrangements, government rates or business rates will be secured.
3. An extended stay may be authorized by the Board if the net cost to the Board will be lower. For example, if airline fare is lowered by staying an extra day and the cost of accommodations and meals for that extra day results in a net savings to the Board, an extended stay can be authorized.

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### **2.06 Transportation**

1. Cost effective public conveyances, (airline, train, bus, automobile rental, taxi, or other form of transportation) shall be utilized.
2. All travel should be at the lowest fare available, generally economy/coach fare. The Board may, by supplementary regulation, submitted and approved by the Commission, establish routing criteria, for example, requiring no more than one interim stop each way; not requiring more than one scheduled airplane transfer each way; and allowing for reasonable departure and arrival times.
3. A Retirement Board shall not make payment or reimbursement for airline club memberships.
4. If a Retirement Board authorizes the use of rental cars, the Board may, by supplementary regulation, submitted and approved by the Commission establish that the source of such cars shall be a national rental agency, and that the rental cars shall be "standard class". It is the traveler's responsibility to verify that the rate charged is the rate negotiated.
5. The Retirement Board may determine whether optional insurance coverage for rental cars will be required.
6. Any motor vehicle accidents which occur while using a rental car while on Board-approved travel are to be reported as soon as practicable, in writing to the appropriate authorities, with copies of all such reports provided to the Board.
7. No reimbursements shall be made for fines or other expenses incurred as a result of traffic violations while on Board-approved travel. The traveler is personally responsible for such expenses.
8. The Retirement Board shall, by supplementary regulation, submitted and approved by the Commission, establish the allowable rate of reimbursement for use of personal motor vehicle. The per mile rate of reimbursement shall not exceed the amount allowed by the Internal Revenue Service. Parking fees and toll charges may be reimbursed, subject to proper documentation.

### **2.07 Lodging**

1. All reservations for accommodations should be made in advance. It is the traveler's responsibility to verify that the rate charged is the rate negotiated. Reimbursement for accommodations shall not exceed the amount charged for "standard" accommodations.
2. Reimbursement is prohibited if lodging is included in the cost of registration for a conference or seminar.

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### **2.08    Meals**

1. Retirement Boards must, by supplementary regulation, submitted and approved by the Commission, establish and identify the maximum daily reimbursable amount for the cost of meals while on Board authorized travel. The Board may, by supplementary regulation, submitted and approved by the Commission, allow for reimbursement in excess of the allowable amount for travel to high-cost locations.
2. Reimbursement is prohibited if meals are included in the cost of registration for a conference or seminar.
3. If reimbursement is sought for meal expenses for others, those individuals are to be identified along with their affiliation and a description of the purpose of the meeting. Reimbursement shall be made only for meetings that are for business purposes.

### **2.09    Other Reimbursable and Non-Reimbursable Expenses**

1. Retirement Boards may reimburse Board Members or Board staff members for the following items:
  - a) gratuities paid in accordance with local custom;
  - b) telephone expenses limited to Board or business related calls;
  - c) one personal telephone call per day;
  - d) internet connections charges;
  - e) costs for faxing related to Board business;
  - f) costs for necessary copying related to Board business.
2. Retirement Boards shall not reimburse Board Members or Board staff members for the following items:
  - a) personal expenses, for example, in-room movies, mini-bar charges, gym fees, entertainment or recreational expenses, laundry and dry cleaning;
  - b) any payments for personal services;
  - c) payments for alcoholic beverages.

### **2.10    Cash Advances**

Retirement Boards shall not make cash advances to Board Members or Board staff members in connection with anticipated expenses.

### **2.11    Board Credit Cards**

1. Retirement Boards may, by supplementary regulation, submitted and approved by the Commission, authorize usage of credit cards issued to the Board. If usage of

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such credit cards is allowed, any personal use of credit cards issued to the Board is prohibited. The credit card billings shall be issued to the Board office and that card user shall be required to provide receipts for all expenses included in the statement. If receipts are not provided, the user will immediately reimburse the Board for those items that appear on the credit card billing.

2. Credit cards issued to the Board are not to be used to purchase supplies or other items that the Board, the Board Members or the Board's staff use on a regular basis and which can be readily anticipated and purchased by way of a competitive process.

### **2.12 Personal Travel Combined with Board Related Travel**

If personal travel is combined with Board related travel, the personal portion of the travel and related expenses will be clearly identified and paid for by the traveler. Travel expenses or any other expenses incurred by a spouse, relative, friend or other individual accompanying a Board Member or Board staff member will be considered to be personal travel and will, in no event, be a proper expense of the Retirement Board.

### **2.13 Payments or Reimbursements for Expenses by Third Parties**

1. Providing to or receipt by a board member or staff member of anything of substantial value from any person, firm, partnership or other entity which may be reasonably expected to seek to do business with or is seeking to do business with or presently is doing business with a Retirement Board or any person, firm or other entity that solicits or makes referrals or which may be reasonably expected to solicit or make referrals of any client on behalf of such a person, firm, partnership or other entity is strictly prohibited. Providing to and the receipt of anything of substantial value from such a person, firm, partnership or other entity indirectly through any person, firm, association, organization or other entity is strictly prohibited.
2. In instances where a Retirement Board Member or Board staff member participates in a legitimate speaking engagement, the Board shall pay all costs and expenses related to such speaking engagement, provided, that the Board Member or Board staff member complies with all of the Board's travel regulations. The Board may accept reimbursement for such travel related expenses of a Board Member or a member of the Board's staff from the third party, only under the following limited circumstances:
  - a) A Board Member or a Board staff member may participate in legitimate speaking engagements in connection with their positions on the Retirement Board or as a member of the Board's staff and the Board may accept reimbursements from third parties necessary to cover travel related costs for such engagements.

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- b) Acceptance of an honorarium or any other form of compensation is strictly prohibited.
- c) To be considered a legitimate speaking engagement, the presentation must be formally scheduled on the agenda of a convention or conference.
- d) The speaking engagement must be scheduled in advance of the Board Member's or Board staff member's arrival at the event.
- e) The presentation must be before an organization that would normally have outside speakers address them at such an event.
- f) The presentation cannot be perfunctory, but should significantly contribute to the event, taking into account such factors as the length of the speech or presentation, the size of the audience, and the extent to which the speaker is providing substantive or unique information or viewpoints.
- g) The Retirement Board can be reimbursed by a third party for expenses only to the extent necessary for making the speech or presentation.
- h) Under no circumstances can a Board Member or Board staff member receive reimbursement or any other payment or compensation from a third party.

### **2.14 Violation of These Guidelines or Board Travel Regulations**

In addition to any remedies available pursuant to any statute or any regulation, any person or entity that violates 840 CMR 2.00 or any Retirement Board supplementary regulation approved by the Commission prior to the effective date of 840 CMR 2.00 shall be deemed to have violated the provisions of 840 CMR 17.00 and shall be subject to removal as a qualified investment manager or consultant pursuant to 840 CMR 17.04(10). In addition, the Commission shall not grant an exemption pursuant to 840 CMR 19.02 or a qualification pursuant to 840 CMR 26.04 if any person or entity that has violated 840 CMR 2.00 or any Retirement Board supplementary regulation approved by the Commission prior to the effective date of 840 CMR 2.00 is the subject of the filing pursuant to those provisions.